

# SENATE BILL REPORT

## SB 6636

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As Reported By Senate Committee On:  
Government Operations & Elections, February 07, 2008

**Title:** An act relating to increasing estimated cost minimums required on water-sewer district contracts for materials and work.

**Brief Description:** Increasing estimated cost minimums required on water-sewer district contracts for materials and work.

**Sponsors:** Senators Fairley, Benton, McDermott and Kline.

**Brief History:**

**Committee Activity:** Government Operations & Elections: 2/05/08, 2/07/08 [DP].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

**Majority Report:** Do pass.

Signed by Senators Fairley, Chair; Oemig, Vice Chair; Roach, Ranking Minority Member; Benton, Kline, McDermott and Pridemore.

**Staff:** Cindy Calderon (786-7784)

**Background:** Any work ordered by a water-sewer district with an estimated cost in excess of \$10,000 must be competitively bid. Competitive bidding requires the board of commissioners to publish notice in a newspaper of the general work to be done and invite sealed proposals for the work. Bids must be accompanied by a certified check, a cashier's check, money order, or bid bond in an amount at least five percent of the bid. Bids must be publicly opened and read, and then awarded to the lowest responsible bidder.

Any purchase by a water-sewer district of materials, supplies, or equipment with an estimated cost in excess of \$10,000 must be made by contract. If the estimated cost is less than \$50,000, the district must secure bids from at least three different vendors on a vendor list maintained by the district before awarding the contract. If the estimated cost exceeds \$50,000, the district must follow competitive bidding procedures.

**Summary of Bill:** Requires all work ordered, the estimated cost of which is in excess of \$25,000 must be by contract and subject to the competitive bidding process.

Any purchase of materials, supplies, or equipment with an estimated cost in excess of \$25,000 will be by contract.

**Appropriation:** None.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: It has been about a decade since the numbers have been adjusted for us. Other entities of the government have higher limits. A small contractor who does work for us says it can be expensive to respond to formal bid documents in the \$10,000 to \$20,000 range. The line of \$10,000 and the proposed \$25,000 does not mean we do not bid for things below this amount; there are times we bid for specialty equipment, special expertise, and specialty circumstance; and we have other provisions that take care of emergency situations. This is for modest jobs, which helps us get on with our work and provide best efficiency rates for the customers.

CON: We oppose this bill because it increases the amount of work done in house. Increasing the in-house work does the opposite of legislation passed a few years ago where the bill for contracting out was adopted; this bill increases contracting out. I do not believe there are advantages to in-house work. If the contractor does the work, it comes with a warranty, and if something is wrong, it will get fixed. In-house work does not come with a warranty. If employees do the work wrong, it results in more money being spent because the work has to be redone.

**Persons Testifying:** PRO: Steve Lindstrom, Sno-King Water District Coalition.

CON: Larry Stevens, Mechanical and Electrical Contractors.